

May 6, 2010

Board of Directors  
General Growth Properties, Inc.  
110 North Wacker Drive  
Chicago, Illinois 60606

Ladies and Gentlemen:

This letter will formally confirm our improved proposals for an acquisition or recapitalization of General Growth Properties ("GGP"). As detailed below, both alternatives offer immediate, tangible and superior value when compared to the Brookfield-sponsored plan and deserve your full consideration. We look forward to engaging seriously and immediately with you and your advisors and counsel so that we can effectuate a transaction that is clearly in the best interests of your shareholders.

SPG is prepared to acquire GGP for \$20.00 per share, consisting of \$5.00 in cash and \$10.00 in SPG shares at their current value, and the distribution to GGP shareholders shares of General Growth Opportunities (GGO), which you have valued at \$5.00 per share. The acquisition would also include the same full cash recovery for unsecured creditors as in our recapitalization proposal and provide substantially more value for equityholders.

As an alternative, we are also prepared to sponsor the equity recapitalization of GGP, which would replace the Brookfield change of control recapitalization, based on an improved investment price of \$11.00 per share, but without issuing any expensive and dilutive warrants. SPG's recapitalization proposal would result in significantly higher value and greater ownership of GGP for its existing shareholders than the Brookfield alternative.

These offers are best and final. SPG will not participate in the bidding process in the GGP bankruptcy proceeding in any way once GGP commits to issue the warrants associated with the latest Brookfield-sponsored plan.

### **SPG's Acquisition Proposal**

At \$20.00 per share, SPG's revised acquisition proposal is more than two times the \$9.40 market price of GGP's stock on February 12, 2010, the last trading day before SPG publicly disclosed its initial acquisition proposal. Because, as you know, the current market price reflects the expectation of an SPG transaction, GGP's unaffected stock price is the relevant basis for comparison. However, even using GGP's affected closing stock price of \$16.57 on May 5, 2010, our proposal represents a premium of approximately 21%, which is substantially higher than the historical average change of control premium for REIT acquisition transactions.

SPG's offer values GGP's equity at \$6.5 billion in the aggregate. This compares with an aggregate value of \$3.9 billion to current GGP shareholders based on their residual ownership interest following issuance of additional shares and dilutive warrants to the Brookfield group. This tremendous disparity in immediate value cannot be ignored – whereas SPG would acquire GGP at a premium, the Brookfield plan would sell 75% of GGP and effective control of your company to the Brookfield group at a price below GGP's current market and net asset value. In this context, it is ironic that yesterday Brookfield management publicly accused SPG of not offering fair market value when the Brookfield-led plan offers significantly less and refuses to give up its lucrative warrants, while gaining effective control of the company for its consortium.

It is highly unlikely that a recapitalized GGP under the Brookfield-sponsored change of control plan could achieve a \$15.00 valuation, especially in light of the dilution that would occur should GGP issue a majority of its stock to the Brookfield consortium. Even if you were to apply SPG's industry-leading implied cap rate to the recapitalized GGP, GGP would still only be valued at approximately \$12.50 per share. We do not believe GGP would trade even at this level for several reasons:

- GGP would remain highly leveraged.
- GGP would face a significant overhang of stock owned by non-long term holders who have no lockups, creating downward pressure on share price.
- The proposed warrants and the subscription rights in favor of the Brookfield consortium will impede future attempts to raise capital.
- GGP would be unable pay a material cash dividend upon emergence.

In contrast, SPG's strong track record of successfully completing large acquisitions, our history of delivering superior property-level performance and the ability to generate substantial operational synergies ideally position SPG to create the most value with GGP's portfolio. Because GGP shareholders would receive a significant portion of their consideration in SPG shares, they would have much higher upside potential through an SPG-GGP combination, considering that:

- SPG has the highest credit rating of any publicly traded real estate company and a lower cost of capital.
- SPG has a strong balance sheet and substantial flexibility through unrivaled access to capital markets.
- SPG has a sector-leading management team with an established track record.
- SPG pays a substantial cash dividend.

As part of our acquisition, Blackstone Real Estate Advisors, a world leader in private equity real estate investment with \$25 billion of capital invested in real estate worldwide and \$11 billion in available capital for future real estate investments, has committed to join our proposed acquisition of GGP. However, the proposed transaction would be effected pursuant to an agree-



ment between GGP and SPG, and no default or failure by Blackstone or any other contemplated financing source would itself excuse performance by Simon of its obligation to acquire GGP.

You have raised regulatory concerns both publicly and privately, which we believe are misplaced due to the highly fragmented nature of the retail real estate industry. Nonetheless, in the event any governmental challenge to the transaction were to arise, SPG has expressed its willingness, among other things, to sell, hold-separate or otherwise dispose of a sufficient number of SPG and/or GGP assets to address those concerns. In addition, as detailed below, in the highly unlikely event that an acquisition could not be consummated, SPG would remain committed to sponsor a recapitalization as detailed below, and including the regulatory fail safes in a recapitalization that we have proposed.

In sum, our offer delivers full value to GGP with no execution risk and provides GGP shareholders with more value than GGP can realistically expect to achieve with the Brookfield group.

### **SPG's Recapitalization Proposal**

SPG is also willing to proceed with the recapitalization transaction we have previously proposed in order to give the board added certainty and an avenue to provide GGP shareholders with superior value without the issuance of expensive and dilutive warrants. SPG is now prepared to amend its previously submitted proposal to sponsor a recapitalization of GGP by increasing the price per share to be paid by SPG for newly issued GGP shares in the recapitalization to \$11.00 per share. Specifically, SPG would acquire 227,272,727 shares of common stock in GGP for \$2.5 billion in the aggregate, or \$11.00 per share. This change in the per share investment price would also apply to an SPG-sponsored recapitalization in the event it is effected as a backstop of our proposed acquisition of GGP, as described in our May 2 letter.

Our \$11.00 per share value is significantly superior to the Brookfield-sponsored proposal, especially when the elimination of the warrants is taken into account. Under the SPG recapitalization proposal, existing GGP shareholders would benefit by owning a greater share of GGP that they would after a Brookfield-led recapitalization, and having a more liquid security upon emergence.

The purely hypothetical concerns that you have expressed regarding the potential negative consequences of Simon's presence as a shareholder of GGP are misplaced. Given SPG's long track record of successful real estate partnerships, SPG's sponsorship will benefit – rather than harm – GGP and its public stockholders. Nonetheless, to allay these concerns, SPG has agreed to numerous requested concessions, including: capping our voting rights at 10%; reducing the number of board nominees to two; appointing only independent directors who would also be subject to information firewalls; not acquiring any incremental shares of GGP after closing without the consent of the independent members of the GGP board; having any acquisition proposal be subject to approval by the independent members of the GGP board and a majority of the non-SPG shareholders who vote on the matter; and giving GGP the right to purchase all of SPG's shares of GGP three years after closing. In contrast to our proposal, which provides substantial protection of ongoing GGP public shareholders, in the Brookfield transaction there is no contractual or legal impediment for the Brookfield group to increase their collective ownership to 100%,

including by creeping market acquisitions to squeeze out the remaining public shareholders without having to pay a control premium.

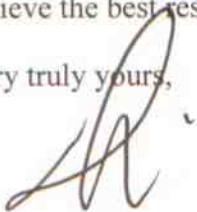
### **Both SPG Proposals Are Superior in Every Way**

We believe you would be shortchanging your shareholders by supporting the insider Brookfield-Pershing Square-Fairholme transaction, by which 75% of GGP's post-recapitalization equity would be owned by these three fund managers, transferring effective control of the company to this consortium which has no significant retail real estate experience, creating a substantial overhang with respect to GGP's stock, and at a price not available to existing GGP shareholders or other investors.

We stand ready to enter into definitive transaction documents before the hearing to approve the Brookfield-Pershing Square-Fairholme warrants that is currently scheduled for this Friday (and which could be postponed to next week), so that GGP can afford its shareholders the benefit of our transaction in preference to the inferior Brookfield proposal. It was in this spirit that we withdrew our formal legal objection, so as to facilitate discussion and negotiation. However, if and when the warrants are issued, SPG will withdraw its proposal and will cease any participation in GGP's bidding process. SPG will not be part of a transaction after hundreds of millions of dollars of value are summarily transferred from GGP shareholders to Brookfield, Pershing Square and Fairholme.

We are prepared to answer any questions you may have about these matters and to engage constructively with you immediately. Time is short. We urge you to seize the moment to achieve the best result for GGP and its stakeholders.

Very truly yours,



David Simon  
Chairman of the Board and  
Chief Executive Officer

cc: Adam Metz, Chief Executive Officer, General Growth Properties, Inc.  
Jackson Hsieh, UBS Investment Bank